



Pioneer Cement Limited

Pioneer Cement Limited (PCL) was incorporated in Pakistan as a public company limited by shares on February 09, 1986. The principal activity of the Company is manufacturing and sale of cement. Its products include ordinary portland cement, suitable for concrete construction and sulphate resistant cement, ideal for construction in or near sea.

The plant is located at Chenki, District Khusshab, in the heart of Punjab Province, 250 km away from Lahore and 120km away from Motorway (M2).

Performance During The Year

Pioneer Cement Company (PIOC) has announced its financial results of the fiscal year 2013(FY13) on 19th Sep. (the financial year 2013 was the best performing year in the history). According to the results, the company earned Rs 1.53 billion (EPS of Rs 6.76) in FY13 against Rs 0.60 billion (EPS of Rs 2.65) in FY12, registering an increase of 155% percent on YoY.

The local sales volume was increased by 4% over last year due to increase in government expenditure on infrastructure development projects in an election year. Pioneer cement Company was able to maintain its exports dispatches in profitable territories at previous year volumes, despite decline in exports at industry level.

On a monthly basis, local dispatches depicted phenomenal growth during Sep13 as they increased substantially by 36% MoM and 19% YoY to 2.14mn. Local dispatches during Aug13 were subdued because of Ramazan, Eid Holidays and the monsoon season. Demand for cement picked up as construction activity resumed its pace post the festive season.

Overview

Pioneer Cement, one of the improved player in the cement sector. It is expected PIOC to have more better earnings in FY14 primarily because of discharge of financial obligations and Company is focusing on investing the available resources in improving the Plant run-factor and reducing cost of production. The management is also considering certain investment plans to remove production bottlenecks. This includes acquiring a new cement mill and solution for power breakdowns of new plans and expected reconstruction activities within country by new Govt would be the key factors to ensure a better overall performance in FY14.

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KATS Code: PIOC
Sector: Construction and material
Face Value: Rs.10
Year End: June

Current Price: Rs. 29
Target price till Dec: Rs. 36
Paid Up Capital: 2271.5 million.
Free float shares: 79 million
Avg Volume 52 weeks: 240,055,500
12-month High/low: 39.24 / 12.01

Earning Per Share				
2010	2011	2012	FY 2013	E-FY14
-2.87	0.54	2.65	6.76	7.40
Annual Payout				
2010	2011	2012	2013	E-FY14
-	-	-	40%	45%

Key Executives	Designation
Mr. Shafiuddin Ghani Khan	Chairman
Mr. Syed Mazher Iqbal	CEO
Mr. Syed Anwer Ali	Director
Mr. Saleem Shahzad	Director
Mr. Cevdet Dal	Director
Mr. Shaikh Javed Elahi	Director
Mr. Faisal Imran Hussain	Director
Mr. Asad Ullah Saleem	Director
Mr. Rafique Dawood	Director
Mr. Muhammad Aftab Alam	Director

RECOMMENDATION (BUY)

On the technical ground (MACD, RSI and STS indicators) are in favor for upside movement

PIOC is one of our most preferred stock in the cements sector. We maintained our "BUY" stance on the stock based on our target price of Rs.36 till Dec.

We will recommend Avg. buying at Rs.28.